

Tight supply conditions persist

The Irish residential property market remains defined by tight supply as 2025 draws to a close. However, over the course of the year, there have been some encouraging signs in the supply dynamics, albeit the outlook remains challenging.

New supply as measured by the CSO completions data, indicate an improving trajectory over recent quarters. This follows a disappointing performance in 2024, when supply fell by 7% year-on-year to 30,273 units. The available data so far for 2025 show completions at 9,235 units in Q3, a rise of 4.0% when compared to a year earlier. Aggregating the first three quarters of the year, completions are running at around 24,300 units, representing an increase of 13% versus the same period a year earlier.

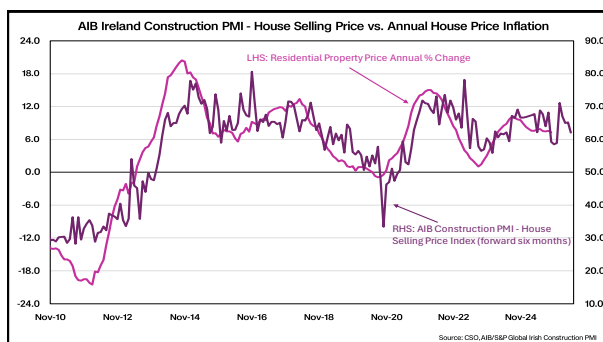
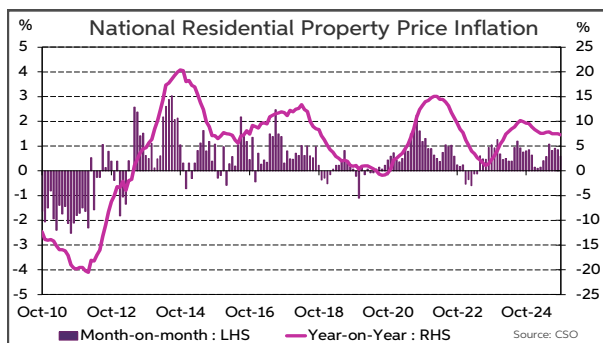
Meanwhile, looking at the supply picture over a full twelve month period (to strip out any noise in the data between quarters) puts the four-quarter running total at 32,991 units by the end of Q3, which sets it on course to improve on 2024 levels and at least match what was delivered in 2023. **Assessing the underlying details of the completions data indicate that there has been some improvement in activity levels for apartments.** Weakness in this sector (-24% fall in 2024) was the key factor behind the disappointing outturn in 2024 supply levels. In the four quarters to Q3, the number of apartments completed totalled 10,507 units, a 4% increase from year earlier levels (albeit this is still well down on the same period in 2023). Changes announced during the year by the Government to its Rent Pressure Zones regulations, as well as tax changes in Budget 2026 designed to incentivise new supply, could underpin a further improvement in apartment building levels. Meantime, the number of houses delivered was at 22,484 units (also a 4% yearly rise) over the same 12 month period to Q3. Geographically, it has been roughly a 60:40 split between non-Dublin and Dublin in terms of new supply. In terms of other supply metrics, the Daft.ie 'properties available for sale' measure showed that there were 11,925 second hand homes listed at the beginning of September, well below the average of around 25,000 units over the pre-Covid period of 2015-2019.

Forward looking indicators of building activity show that the supply outlook will remain constrained. The total number of dwelling units granted planning permission on a twelve month cumulative basis totalled around 33,500 units in Q3 of this year. This was 8% lower compared to the same period a year earlier. Notwithstanding some improvement in Q3, the 'apartment' sector has remained weak over the last year, with permissions 15% lower on a four-quarter aggregate basis, while 'house' permissions were 2% lower over the same period. Meanwhile, the housing component of the AIB construction PMI has been in contractionary territory for the past seven months. However, the latest reading of 47.0 in November implies an easing in the pace of decline compared to the previous month. Homebuilders continue to cite a plethora of obstacles acting as a drag on activity. These include cost pressures, capacity constraints - including in relation to labour and infrastructure (water etc), financing challenges, and delays in the planning process.

Tight supply conditions are reflected in the continued upward pressure on residential property prices. The latest official CSO data, for October, show that at the start of Q4, property prices on a national basis had seen 29 months of consecutive growth. There were signs in the early part of the year that this monthly rate of increase was starting to ease, averaging 0.1% m/m in Q1. However, over the summer, the pace of growth quickened and averaged 0.8% m/m in Q3. In terms of the year-on-year picture, prices rose by 7.3% in October. This is below the 8.5% average rate seen in 2024. Year-to-date, prices have averaged a 7.7% y/y rate of increase, indicating only a modest easing in inflation compared to last year. **From a geographical perspective, non-Dublin price rises continue to outpace the Dublin market.**

In the latest CSO data, prices outside of Dublin rose by 8.9% y/y in October. Meantime, Dublin prices posted a 5.4% yearly growth rate.

The upward pressure on prices will remain a feature of the residential market amid the on-going supply shortfall. The selling price index from the AIB Construction PMI suggests the potential for further strong increases in house prices over the coming months. At a minimum, in the region of 35,000 new units are required per annum to meet annual demand. When pent-up demand is factored-in (which has been accumulating now for over a decade), the Central Bank has estimated that over 50,000 units need to be delivered each year out to 2050 to meet overall demand. The Government's updated housing plan is targeting the delivery of 300,000 new homes by 2030. At the same time, the Government has recently announced measures to speed up the delivery of housing and associated infrastructure. The focus on improving housing supply from the Government is encouraging and crucial to moving the market back into equilibrium over the medium term, but actual delivery on these various initiatives remains uncertain. In the near term, we see housing completions totalling around 33,000 units this year, rising to around 35,000 units next year. Therefore, we are still a few years away from consistently meeting annual demand as well as starting to satisfy some of the accumulated pent-up demand.



MONTHLY DATA

May-25 Jun-25 Jul-25 Aug-25 Sept-25 Oct-25 Nov-25

RESIDENTIAL CONSTRUCTION ACTIVITY

AIB Irish Construction PMI							
- Housing Activity	49.7	48.4	44.7	44.5	45.3	43.1	47.0
Commencements: Month	1,024	1,356	1,059	1,156	1,653	1,441	#N/A
- Cum 12 Mth Total	41,178	40,804	40,124	38,895	27,210	23,599	#N/A
- 3 Month Avg YoY %	-89.2	-84.9	-38.9	-39.0	-77.8	-79.5	#N/A

The Housing component of the Construction PMI rose but stayed in contraction mode in November

Housing commencements have been very weak in 2025. They are down 79.6% YTD in October, shrinking back down to around 23.5k on an annual basis

HOUSING / MORTGAGE MARKET ACTIVITY

BPMI Mortgage Approvals : Month	4,097	3,987	4,595	3,733	3,864	3,848	#N/A
- 3 Month Avg YoY %	6.0	3.7	3.1	-0.2	-0.6	-2.6	#N/A
- 12 Mth Total	43,927	44,108	44,100	43,900	44,033	43,793	#N/A
RPPR Transactions : Month	5,201	4,905	5,797	4,907	5,557	5,734	3,869
- 3 Month Avg YoY %	1.8	1.5	0.3	0.5	3.4	-0.1	-10.2
- 12 Mth Total	61,108	61,124	61,200	61,191	61,661	61,190	59,461
Residential Mortgages (Central Bank of Ireland)							
- Amount Outstanding Growth Rate	4.2	4.4	4.7	4.9	5.2	5.3	#N/A

Mortgage approvals fell by 2.6% YoY in the 3 mths to Oct. 43.8k approvals were recorded in the past year

Transactions declined by 10.2% YoY in the 3 mths to Nov. 12mth total below 60k

Stock of mortgages up by 5.3% YoY in October

HOUSING MARKET PRICES

CSO Price Index - MoM %	0.6	1.1	0.8	0.9	0.8	0.6	#N/A
- YoY %	7.8	7.9	7.5	7.5	7.5	7.3	#N/A
- Dublin YoY %	6.7	6.8	5.9	5.5	5.4	5.4	#N/A
- Ex Dublin YoY %	8.6	8.8	8.7	9.1	9.3	8.9	#N/A
RPPR Transaction Price (Simple Average)							
- 12 Month Average €	437,382	438,873	440,452	448,125	449,074	443,812	445,757
Daft List Prices: YoY %	6.8	6.7	6.1	6.1	5.5	#N/A	#N/A

House prices growth remained strong, up by 0.6% in October. The annual rate slowed slightly to 7.3%

Ex-Dublin property price inflation (+8.9%) still above that of the capital (+5.4%)

Asking prices on Daft.ie rose by 0.9% in Q3. They were up by 5.9% YoY in the quarter

RENTS & AFFORDABILITY

RENTS: CSO Private Rents - MoM %	0.5	0.1	0.2	0.5	0.3	0.2	0.3
- YoY %	5.2	4.6	4.4	4.2	3.4	3.2	3.0
AFFORDABILITY: Couple on Avg Ind' Wage, 90% LTV, 30 Yr Mort, AIB Mort Rate, Prices: CSO/Perm' TSB							
- Mort as % of Disposable Income	23.5	24.3	24.0	24.3	24.5	#N/A	#N/A

CSO rental index rose by 0.3% in Nov. The YoY rate eased for the sixth month running to 3.0%

Affordability deteriorated again in Q3, as house growth outpaced wages

QUARTERLY DATA

Q1-24 Q2-24 Q3-24 Q4-24 Q1-25 Q2-25 Q3-25

CSO Dwelling Completions	5,805	6,814	8,883	8,666	5,917	9,173	9,235
- YoY %	-12.5	-6.1	5.8	-15.1	1.9	34.6	4.0
- Cum 12 Mth Total	31,672	31,226	31,712	30,168	30,280	32,639	32,991
CSO Planning Permissions	8,387	8,513	8,611	6,890	8,177	7,447	11,142
- YoY %	-28.1	-2.4	-10.9	-38.4	-2.5	-12.5	29.4
- Cum 12 Mth Total	37,953	37,743	36,692	32,401	32,191	31,125	33,656

Around 24k housing completions recorded by the end of Q3, up 13.1% YTD. 12 mth running total near 33k

Planning permissions are up by 4.9% YTD in Q3. 12 month total back at 33.7k, compared to 36.7k last year

BPMI Mortgage Drawdowns

Purchase Drawdowns (Volume)	6,817	8,455	9,677	10,997	7,421	8,650	10,060
YoY % (Volume)	-12.0	2.0	-2.4	10.0	8.9	2.3	4.0
FTB YoY % (Volume)	-8.3	5.1	0.1	10.8	8.3	3.4	6.7
Total Drawdowns (Value, € Mln)	2,359	2,854	3,407	3,950	2,814	3,371	3,974
- YoY % (Value)	-17.7	3.4	7.4	20.1	19.3	18.1	16.6
- Cum 12mth Drawdowns (Value, € Mln)	11,582	11,675	11,909	12,570	13,025	13,542	14,109

Purchaser drawdowns were up by 4.7% YTD in Q3, led by a rise in FTB. In value terms, purchaser drawdowns were up by 13.6% YTD in Q3. The value of total drawdowns was 18.0% higher YTD in Q3. Total drawdowns over the past 12 mths up to €14.1bn, circa €2.2bn higher YoY

Sources: Central Bank of Ireland, CSO, Daft.ie, DoEHLG, HomeBond, BPMI, PSRA, BNP Paribas, AIB ERU Calculations



This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, plc and Allied Irish Banks (GB). In Northern Ireland it is distributed by Allied Irish Bank Northern Ireland (NI). In the United States of America it is distributed by Allied Irish Banks, plc. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and Allied Irish Bank Northern Ireland (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI 018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.